

# Chapter 7

## Behavioural Targeting in the Mobile Ecosystem

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### ABSTRACT

*Personal information is a key intangible asset for companies. In particular, for those companies that collect personal data to attract advertisers through being a channel to reach their target markets, i.e., through offering targeted advertising. A universe of always located and always connected potential consumers enhance the potential of behavioural targeting, which is seen as the business model on which the success of new mobile content, applications and services relies. This chapter aims to explain the implications of the use of behavioural targeting within the mobile environment. It provides an overview of the exploitation of personal data, a comprehensive description of the behavioural targeting ecosystem, and a view of the promises and pitfalls associated to the rise of mobility.*

### INTRODUCTION

As the Internet became more and more accessible, and the number of eyeballs connected 24 hours a day around the globe continuously grew, it became clear that it is not only the most effective means of communication but also the largest breeding ground for business opportunities. However, finding how to turn opportunities into profitable ventures has proven to be a difficult matter. Over the years, many Internet business models failed to deliver on their promises. When looking at strategies of Internet giants, it becomes apparent that advertising is one of the few business models, if not the only, able to generate consistent and significant long-term profits.

The turning point was the adoption by search engines of a new way of financing the services they provided: around the start of the millennium, they began selling advertisements associated with search keywords. Since then, targeted advertisements allow those companies, as well as social networks and other online players, to provide “free” services to users while collecting data on who they are and what

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they do and like. The use of personal information makes the difference on the effectiveness (but as well on the usefulness for users) of advertisements. This is not only true for firms producing digital products and services. Marketers see how social change is eroding the value of traditional advertisements (in print media, radio, and TV) and have turned their attention towards online behavioural-targeted marketing.

The “mobile revolution” accelerates and amplifies the underlying trends that were already at work. Exploiting the huge potential offered by a universe of always located and always connected potential consumers is the new big challenge. A challenge full again of opportunities but full as well of potentially dangerous implications for privacy.

Against this background, this chapter aims to explain the implications of the use of behavioural targeting within the mobile environment, both for companies and users. It is structured as follows: Section 2 provides an overview of the exploitation of personal data for marketing, and particularly for advertising purposes, where the firm’s analytics capacities play an intensive role on understanding customer’s behaviour; Section 3 offers a comprehensive description of the behavioural targeting ecosystem, identifying the different stakeholders and the relations amongst them; Section 4 characterizes mobility as a personal data capturing enabler, and underscore associated promises and pitfalls; the conclusions close the chapter.

## **THE VALUE OF PERSONAL INFORMATION AS AN INTANGIBLE ASSET**

Customers and the data referred to them are, no doubt, a key intangible asset for companies. Hence it follows why they expend huge efforts in gathering data. Most firms manage and analyse this data with the intention of creating value for own new products and services through tailored marketing campaigns. A second situation is that of a particular type of company that collects data to attract advertisers through being a channel to reach their target markets.

### **Personal Information as an Asset for Own Use**

Conceptually, marketing principles have not changed, even with the advent of the Internet: after discovering the likes of the customers and their purchasing habits, the companies try to aim better the messages to their (potential) customers proposing the “right” advertising campaigns, or actions in a broad sense.

However, in practical terms, profound changes have occurred in two directions. On the one hand, information and communication technologies allow firms to build up new relationships with their customers. For already quite a long time, many companies do not deal with consumers as a mass or as segments, but try to create individual relationships, managing markets of one, addressing each in terms of its stage of development (Blattberg & Deighton, 1991). On the other hand, companies are experiencing how digital customers behave differently compared with traditional customers (among many others, Belk, 2013; Berman and Kesterson-Townes, 2012; Nicholas et al., 2003). Therefore, they need to adapt their go-to-markets driven by the forces shaped by digital consumers, who can easily jump from one “shop” to a completely different one in seconds, changing their preferences as fast as a few clicks away.

These two forces have a direct impact in the companies who have to rethink strategies, production processes, human capital engagement and investments, from a holistic point of view. At the core of these transformations is, it should be underlined again, the customer, which becomes the centre of the companies’ agenda. The more accurate the company’s customers landscape is depicted, the more efficient will be the business decisions taken in the digital transformation arena. Therefore, it is more important

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